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Message Text

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70
ACTION ARA-20

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

USIA-15 AID-20 IO-14 OMB-01 TRSE-00 IGA-02 COA-02

DLOS-06 EB-11 COME-00 DRC-01 /152 W
---------- 125619
P R 192232Z APR 74
FM AMEMBASSY QUITO
TO SECSTATE WASHDC PRIORITY 0788
INFO AMCONSUL GUAYAQUIL

C O N F I D E N T I A L QUITO 2649

E.O. 11652: GDS
TAGS: PFOR EC US
SUBJECT: PRESIDENT RODRIGUEZ LARA GIVES HIS VIEWS ON CURRENT US/ ECUADOREAN RELATIONS

1. HAROLD T. SMITH CAME TO SEE ME AT HIS REQUEST ON APRIL 18. SMITH IS A SEMI-RETIRED AMERICAN BUSINESSMAN WHO SPENT MOST OF HIS WORKING YEARS AS A RESIDENT CONTRACTOR IN ECUADOR. IN RECENT YEARS HE HAS MADE PROLONGED VISITS TO ECUADOR TO TRY TO SETTLE TWO DISPUTES OVER LAND THAT THE GOVERNMENT HAD TAKEN OR WANTED TO TAKE FROM HIM. IN 1973 HE AND THE GOE SETTLED AN EXPROPRIATION CLAIM DATING FROM 1965. ON HIS CURRENT VISIT THEY CAME TO TERMS ON PURCHASE OF SMITH'S FARMS OUTSIDE QUITO. SMITH KNOWS ECUADOR WELL AND HAS A LONGSTANDING PERSONAL FRIENDSHIP WITH PRESIDENT RODRIGUEZ LARA.

2. SMITH'S PURPOSE IN COMING TO SEE ME WAS FIRST OF ALL TO THANK THE DEPARTMENT FOR ITS ASSISTANCE OVER THE YEARS IN HELPING HIM TO SETTLE HIS PROPERTY CLAIMS IN ECUADOR AND TO REPORT ON A CONVERSATION HE HAD WITH PRESIDENT RODRIGUEZ LARA ON APRIL 12, WHEN THE PRESIDENT, TOGETHER WITH SOME 200 OFFICIALS, CAME TO SMITH'S FARM TO SIGN THE DEED OF
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PURCHASE OF THE FARM TO PROVIDE THE NEW SITE FOR THE ARMY

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ACADEMY. SMITH'S CONVERSATION WITH THE PRESIDENT COVERED
A NUMBER OF SUBJECTS, THE MOST IMPORTANT BEING THE STATE
OF US/ECUADOREAN RELATIONS. WHAT FOLLOWS IS A VERBATIM
ACCOUNT OF SMITH'S NOTES MADE IMMEDIATELY AFTER HIS
CONVERSATION WITH THE PRESIDENT.

3. "TO START, I SUGGESTED THAT THE US NEEDS ALL THE
FRIENDS WE CAN GET AT THE MOMENT AND I THOUGHT HE COULD
COLLECT SOME GOOD DIVIDENDS IF IN HIS SPEECHES HE COULD
SAY A GOOD WORD FOR THE US AND COULD VOTE THE WAY THE US
VOTES IN THE UN AND OAS.

4. "HE BECAME ENTHUSIASTIC IN REPLYING THAT RELATIONS
WITH THE US HAVE TAKEN A TURN FOR THE BETTER--THAT HE WAS
PLEASED THAT EACH CONTACT SEEMS TO IMPROVE RELATIONS--THAT
THE US IS HELPING GREATLY ON HIS PLAN TO IRRIGATE THE
PENINSULA OF ST. HELENA--AND ALSO WITH HIS PLAN FOR THE
DEVELOPMENT OF ESMERALDAS.

5. "I THEN SAID THAT I UNDERSTAND FROM (ARMY COMMANDER)
GEN. LOPEZ THAT THE ARMED FORCES ARE NOT HAPPY BECAUSE OF THE
LACK OF MILITARY ASSISTANCE. HE SAID WE STILL HAVE A PROBLEM
WITH THE TUNA FISHING THAT RELATES TO THE MILITARY AID
BUT EVEN THAT IS WORKING OUT. I HAVE A FORMULA THAT THE
AMERICANS ARE VIEWING FAVORABLY AND I BELIEVE A MILITARY
SALES ARRANGEMENT WILL RESULT. I ASKED IF IT WAS A
SECRET FORMULA. HE REPLIED, NO, THERE IS NO SECRET. IT
IS SOMETHING THAT SHOULD HAVE BEEN WORKED OUT LONG AGO--
JOINT-VENTURE FISHING COMPANIES, 50 PERCENT AMERICAN AND
50 PERCENT ECUADOREAN CAPITAL--WITH MUTUAL INTERESTS WHERE
ECUADOR CAN BENEFIT FROM THE ORGANIZATION AND EXPERIENCE
OF THE AMERICANS AND FINANCIALLY FROM THE FISH IN
ECUADOREAN WATERS. THIS WILL SMOOTH THE WAY TO EVEN
GREATER RELATIONS WITH THE US."

6. COMMENT: I HAD NOT MET SMITH PREVIOUSLY AND HE HAD
NO KNOWLEDGE OF WHAT WE HAVE BEEN DISCUSSING WITH GOE IN
EITHER FISHING OR MILITARY ASSISTANCE FIELDS. PRESIDENT
RODRIGUEZ HAD NO REASON TO THINK HIS CONVERSATION WITH
SMITH WOULD BE REPORTED TO ME.
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7. PRESIDENT RODRIGUEZ' COMMENTS ON THE FISHING PROBLEM
TRACK WITH WHAT HE HAS TOLD ME. IT CONTINUES TO BE MY
EVALUATION THAT THIS ASSOCIATION APPROACH IS THE PRESIDENT'S
AND HENCE THE GOE POLICY ON DEALING WITH THE FISHING
PROBLEM.
BREWSTER

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